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STATISTICAL BULLETIN

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Highlights

- RISING INCOME COULD BOLSTER CONSUMER SPENDING; BUT HIGH LENDING RATES WILL CONSTRAIN ALREADY SOFT CAR AND HOME SALES.
- LABOR MARKET SIGNALS ARE DECIDEDLY MIXED.
- THE PACE OF NEW ORDERS HAS FALLEN SHARPLY.
- INDUSTRIAL OUTPUT GROWTH IS MODERATING AND CAPACITY UTILIZATION RATES HAVE STABILIZED.
- ON THE INFLATION WATCH: FURTHER ACCELERATION IS NOT WIDELY ANTICIPATED.
- OUTLOOK • U.S. ECONOMIC GROWTH WILL BE MODERATE IN THE SECOND QUARTER. IT MAY NOT SLOW FURTHER THIS SUMMER.

Volume 22, No. 5, May, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The U.S. economy appears to be cooling off but the expansion may remain at a moderate pace through the third quarter. Real GNP rose at a seasonally adjusted annual rate of 5.2% in the first quarter of 1989. Eliminating the staggered impact of weather-induced farm losses reduces the non-farm economy's growth rate down to 3%, or to about the trend over the last year and a half. The question, then, is whether the economy is slowing from that pace to closer to 2½%, or less. The consensus of the **Economic Forecasts** is that 2½% growth arrived in the second quarter. Rumbling from the Federal Reserve suggest little desire to move interest rates higher, since the economy is responding appropriately to earlier hikes. And there are some clear indications in the data that growth is slowing. An alternative scenario, however, could develop as there are also signs that the expansion may continue to move full steam ahead.

DOMESTIC MARKET MONITOR

Labor market activity continues to send mixed signals. The unemployment rate jumped to 5.3% in April, given a somewhat meager gain in new hiring. But the length of the work week grew, so that total hours rose fairly strongly. These data may reflect inappropriate seasonal adjustment. Nevertheless, they do indicate a degree of tightness in labor conditions. So does The Conference Board's **Help-wanted Index**, which has been in a rather narrow range for the last 18 months. It dropped below that range in March, but early returns to the April survey suggest that this measure of labor demand reverted to about its February level. It is clear that labor costs are still escalating, which suggests we may not have seen the last of higher CPI numbers—nor, perhaps, of higher interest rates.

INCOME: Of course, more hours worked and higher pay per hour mean consumers have more spending power. Wages in commodity-producing industry were 2.9% higher in March than three months earlier. That represents a fair amount of acceleration from the pace at the end of last year. Wages in the "other industry" category were 2.3% higher—no real change in trend. And with higher average hourly pay rates in April, consumer spending power undoubtedly continued to rise sharply in that month.

Rising spending power growth typically goes in tandem with higher borrowing. Now is no exception. Through March, consumer use of revolving credit rose quite sharply. Total consumer borrowing would have been even stronger, if car sales had not been so sluggish. Elsewhere, there is no slowing in borrowing activity.

The message in consumer attitude surveys is loud and clear: Job and pay gains are perceived to be very strong right now. The Conference Board's **Consumer Confidence Index** stood at 116.3 in April —about the same as at the start of the year. The **Expectations Component**, however, stood at 101.2 in April, compared to 104.1 in January. Consumer attitudes may soften, but it is remarkable how strong they remain at this late date in the very long expansion.

SPENDING: Consumer spending has been sluggish while income growth remains strong and attitudes remain confident. Total retail sales, except cars, were only 0.3% higher in March than three months earlier. The weakness was in sales of durable goods. In fact, sales of building materials and hardware were 6% lower in March than three months earlier. Consumer spending is expected to grow more slowly but the sluggish numbers in March may turn out to be more of an aberration than the start of that cooling.

Car buying has remained sluggish, at best, throughout the current model year. New domestic **Automobile Sales** quickened to a seasonally adjusted 7.6 million annual rate in April, up from a lackluster 7 million rate over the prior two months. But even that progress required extended promotional campaigns.

CONSTRUCTION: Home building remains mired in a prolonged slump. In fact, new single-family home sales were lower in February and March than any time since the end of 1987. But prices for these new homes were 4.1% higher in March than three months earlier, despite slower sales. Indeed, price escalation may be contributing to slow sales and holding down the construction pace. Single-unit housing starts were 13% lower in March than three months earlier.

In contrast, nonresidential construction is surging ahead. Office, commercial, and industrial building were all substantially higher in March than three months earlier. Moreover, results from The Conference Board's survey of **Capital Appropriations and Expenditures** in the fourth quarter of 1988 showed that executives expected total business investment in new plant and equipment to continue to outpace overall economic growth through 1989.

PRODUCTION: While consumer spending power shows some momentum, actual spending has been rising more slowly, and industrial output growth has subsided a little. The output of consumer-durable goods was actually 0.5% lower in March than three months earlier. Total industrial production was 0.4% higher, a slower pace than that of late 1988. Defense- and space-related output was 0.9% lower, no change in trend. Business equipment was 1.8% higher. Business investment, then, is now the main source of the strength in industrial conditions, though export growth is also lending support.

Ken Goldstein, Editor

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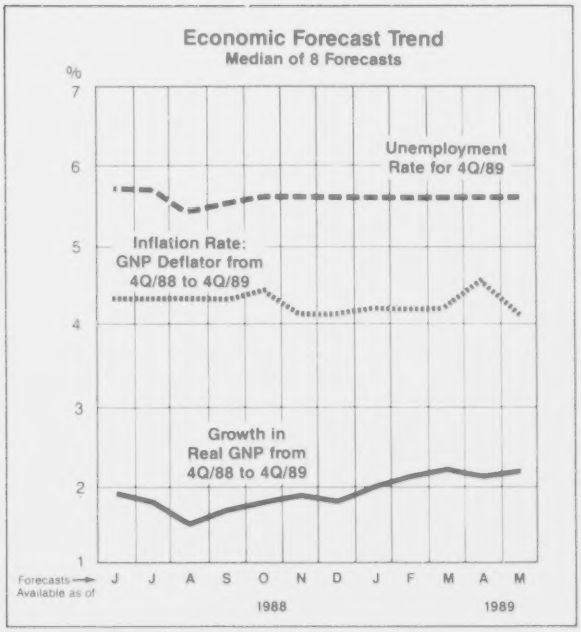


The combination of a little slower growth in industrial output and steady increases in capacity, the result of a now two-year surge in capital investment, is easing the strain on capacity. The total capacity utilization rate has not budged since the beginning of the year.

Industrial output growth is moderating but is not likely to drop off sharply over the next few months. New orders for durable goods, except for defense-related materiel, were fully 5.8% lower in March than three months earlier. But, the ratio of new orders to shipments, another measure of the strength in industrial conditions, was 6.7% higher in March than three months earlier. Thus, while new orders are falling, producers have a backlog to work off. Also, consumer spending on durable goods may rebound a bit, given the current rise in consumer spending power.

Business sentiment is softening as well. The Conference Board's **Measure of Business Sentiment** dropped to 48 (on a scale of 0 to 100) in the first quarter, from a reading of 56 in the third quarter of 1988. But keep in mind that business executives said, in the Capital Appropriations and Expenditure survey, that they are planning to continue strong capital investment in 1989, for the third consecutive year.

INVENTORY: Intended inventory growth is likely to be minimal, given concern about economic cooling and the elevated level of short-term borrowing rates. The concern, then, is over unintended inventory buildup. To date this has not developed. Total inventory, except cars, at the retail level, was 1.7% higher in March than three months earlier, because sales only rose by 0.3 percent. But the Inventory-to-Sales ratios only rebounded to last October's level—or before the already thin margins began to drop. And with industrial output growth moderating, inventory build up is unlikely to reach worrisome levels any time soon.

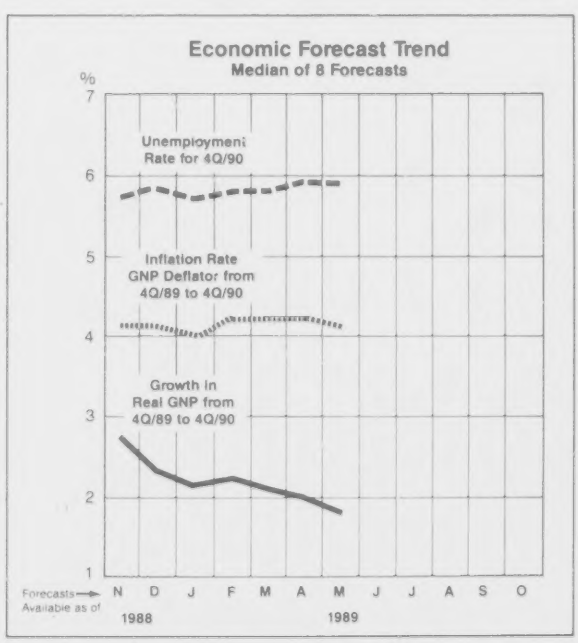
INFLATION: Rising labor costs remain the prime concern on the inflation front. Nonlabor cost increases have slowed. Indeed, prices of raw commodities were no higher in April than in March. Moreover, wholesale prices for raw materials, except food and energy, declined by 1.1% in April. The consensus of the **Economic Forecasts** is that the CPI is now rising at about a seasonally adjusted 5% annualized rate and will stay there through the first quarter of 1990, when it will begin to subside a little.

INTERNATIONAL MONITOR

Slower growth in consumer spending on durables has also helped limit the rise in imports. Total imports of manufactured goods were only 1% higher in March than three months earlier. Specifically, sluggish overall car sales helped to produce a 3.7% drop in imports of cars and parts. Another big factor in the drop in imports was a 25% reduction in imports of aircraft. Still, if consumer spending on durable goods picks up a little, there may be some rise in total imports, slowing the recent progress on narrowing the trade deficit.

In contrast, exports of manufactured goods have taken off. Total exports of manufactured goods was 16.3% higher in March than three months earlier. Exports of cars and parts were 14.2% higher. But exports of consumer goods, except cars and parts, have also been rising sharply. The leading indicators of some of the U.S. major trading partners have been rising for some time (see the **Selected International Comparisons** chart). That degree and dispersion of growth has lead to the rise in exports, narrowing the trade deficit but also probably lending support to a higher dollar in international exchange markets.

Ken Goldstein
May 15, 1989

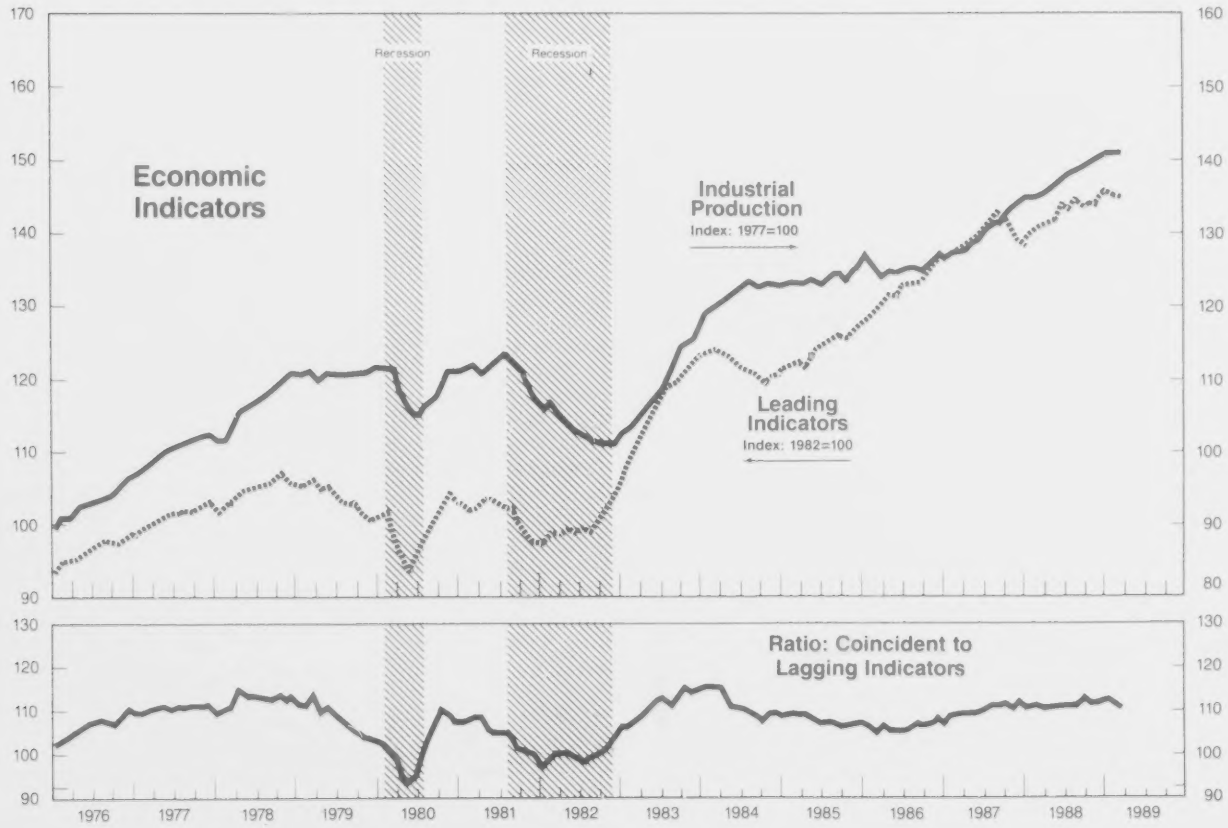


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Mar.		X		-- 0.3%	2.6%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Mar.		X		- 1.5%	14.3%
New orders, nondefense capital goods (deflated)	Mar.		X		- 2.1%	16.0%
New business formation	Mar.	X			2.0%	2.1%
*Housing permits	Mar.			X	-21.5%	-16.7%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Mar.			X	- 8.0%	- 0.1%
*Consumer expectations	Mar.		X		6.6%	86.2%
Purchasing manager's buying policy	Apr.	X			8.5%	10.9%
*Vendor performance, reported slower deliveries	Mar.			X	- 2.7%	-10.0%
Industrial raw materials prices	Apr.	X			3.3%	12.8%
*Change in sensitive material prices	Mar.	X			135.0%	184.8%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Mar.			X	- 1.1%	- 1.2%
Change in business loans	Mar.			X	- 19.8%	241.6%
*Change in unfilled orders, mfg.	Mar.		X		2.5%	2.8%
Change in consumer installment debt	Feb.		X		- 9.6%	-16.3%
Profitability						
Total corporate profits, after tax (deflated)	4th.Q	X			1.3%	16.9%
*Common stock prices	Mar.	X			5.9%	10.1%
Marginal Employment Adjustments						
*Average workweek, mfg.	Apr.	X			0.2hr	0.1hr
*Initial unemployment claims (inverted)	Mar.			X	- 5.6%	- 5.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1988 Mar.(r)	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.(e)
Principal Diffusion Index	57.7	59.1r	60.1r	55.1r	54.8
Auxillary Diffusion Index	46.0	56.1r	53.2r	33.6r	49.0
Industrial Group	59.3	55.8	56.4	51.3r	52.1
Nonindustrial Group	56.2	62.5r	63.8r	58.8r	57.4
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	62.4	61.1	67.5	62.8r	63.2
Labor	56.5	51.0	52.1	48.1r	46.3
Miscellaneous	61.5	59.6	50.6	42.3	50.0
Nonindustrial Subgroups					
Prices	57.7	45.5	53.2	60.9	60.3
Consumer	65.0	65.0r	65.4r	60.7r	56.4
Building	51.9	61.9	67.9	57.7	56.4
Miscellaneous	49.1	71.8r	66.7	56.4r	57.3

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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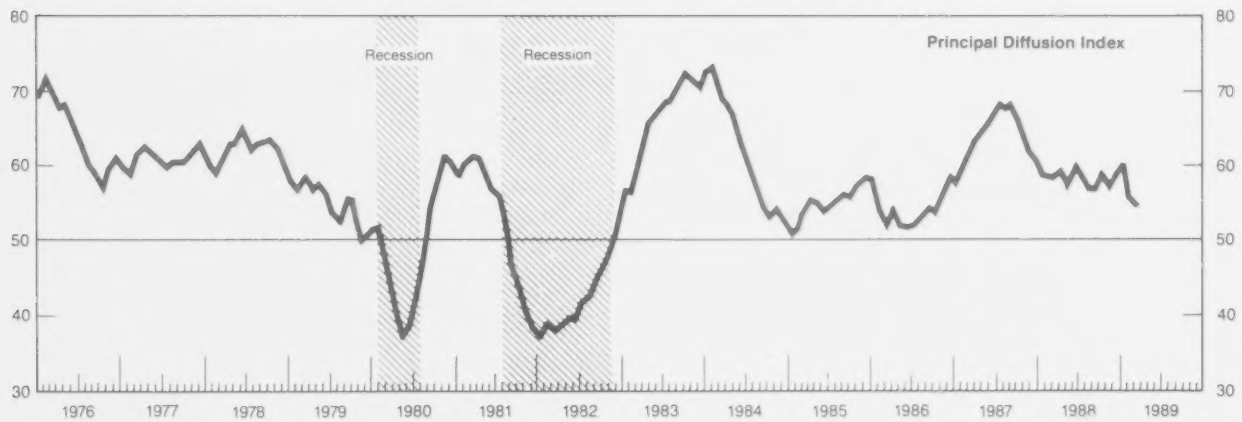
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1986 May	1986 Aug.	1986 Nov.	1987 Feb.	1987 May	1987 Aug.	1987 Nov.	1988 Feb.	1988 May	1988 Aug.	1988 Nov.	1989 Feb
	Score (scale 0-100)											
Measure of Business Confidence	61	50	51	55	55	59	47	51	58	56	51	48
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	61	44	50	56	55	62	50	49	64	65	54	52
2. Expectations for Economy, Six Months Ahead	62	52	51	54	53	56	43	50	54	51	48	43
3. Expectations for Own Industry, Six Months Ahead	60	54	53	56	56	58	48	54	55	53	51	48

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Apr., 1989*		*Apr., 1989*		*Apr., 1989*		*Apr., 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1989**	**I**			**$5116.8**	**9.7%**	**$5116.8**	**9.7%**	**$5116.8**	**9.7%**
Forecast	1989	II	$5185.9	7.6%	5210.5	7.5	5207.4	7.3	5208.3	7.3
		III	5220.9	2.7	5276.7	5.2	5276.4	5.4	5303.8	7.5
		IV	5252.0	2.4	5338.8	4.8	5341.6	5.0	5388.3	6.5
	1990	I	5305.2	4.1	5418.7	6.1	5400.5	4.5	5471.9	6.4
		II	5392.0	6.7	5510.9	7.0	5460.8	4.5	5475.1	0.2
		III	5499.1	8.2	5605.0	7.0	5525.1	4.8	5588.8	8.6
		IV	5610.9	8.4	5708.7	7.6	5608.5	6.2	5689.0	7.4
	1991	I	5727.5	8.6			5700.8	6.7		
		II	5832.9	7.6			5810.3	7.9		
	1989	Annual	5187.6	6.6	5235.7	7.6	5235.6	7.6	5254.3	8.0
	1990	Annual	5451.8	5.1	5560.8	6.2	5498.7	5.0	5556.2	5.7
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1989**	**I**			**$4088.2**	**5.5%**	**$4088.2**	**5.5%**	**$4088.2**	**5.5%**
Forecast	1989	II	$4098.1	3.4%	4109.5	2.1	4110.0	2.2	4107.5	1.9
		III	4069.5	-2.8	4106.0	-0.3	4119.0	0.9	4133.9	2.6
		IV	4049.3	-2.0	4100.1	-0.6	4128.0	0.9	4154.4	2.0
	1990	I	4042.7	-0.7	4111.9	1.2	4132.0	0.4	4169.9	1.5
		II	4070.0	2.7	4136.4	2.4	4173.0	0.5	4164.5	-0.5
		III	4111.6	4.2	4164.6	2.8	4148.0	1.1	4164.5	0.0
		IV	4157.3	4.5	4194.5	2.9	4137.0	2.4	4195.5	3.0
	1991	I	4199.6	4.1			4201.0	2.7		
		II	4237.2	3.6			4238.0	3.6		
	1989	Annual	4070.3	1.9	4101.0	2.6	4111.3	2.9	4121.0	3.1
	1990	Annual	4095.4	0.6	4151.9	1.2	4147.5	0.9	4173.6	1.3
Gross National Product deflator Index, 1982 = 100										
Actual	**1989**	**I**			**125.2**	**3.9%**	**125.2**	**3.9%**	**125.2**	**3.9%**
Forecast	1989	II	126.5	4.1%	126.8	5.3	126.7	5.0	126.8	5.3
		III	128.3	5.6	128.5	5.5	128.1	4.5	128.3	4.8
		IV	129.7	4.5	130.2	5.4	129.4	4.1	129.7	4.4
	1990	I	131.2	4.8	131.8	4.9	130.7	4.1	131.2	4.8
		II	132.5	3.9	133.2	4.5	132.0	4.0	131.5	0.8
		III	133.7	3.9	134.6	4.1	133.2	3.7	134.2	8.6
		IV	135.0	3.7	136.1	4.6	134.4	3.7	135.6	4.2
	1991	I	136.4	4.3			135.7	3.9		
		II	137.7	3.8			137.1	4.2		
	1989	Annual	127.5	4.7	127.7	4.9	127.3	4.6	127.5	4.7
	1990	Annual	133.1	4.4	133.9	4.9	132.6	4.1	133.1	4.4
Unemployment Rate										
Actual	**1989**	**IV**				**5.2%**		**5.2%**		**5.2%**
Forecast	1989	II		5.3%		5.1		5.1		5.0
		III		5.4		5.5		5.2		4.9
		IV		5.7		5.9		5.3		4.8
	1990	I		6.0		6.2		5.6		5.1
		II		6.3		6.0		5.8		5.5
		III		6.3		5.8		6.0		5.8
		IV		6.2		5.5		6.0		5.7
	1991	I		6.1				5.8		
		II		5.9				5.8		
	1989	Annual		5.4		5.4		5.2		5.0
	1990	Annual		6.2		5.9		5.9		5.5

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on preliminary first quarter.
[2]Based on revised fourth quarter data.

ECONOMIC FORECASTS (continued)

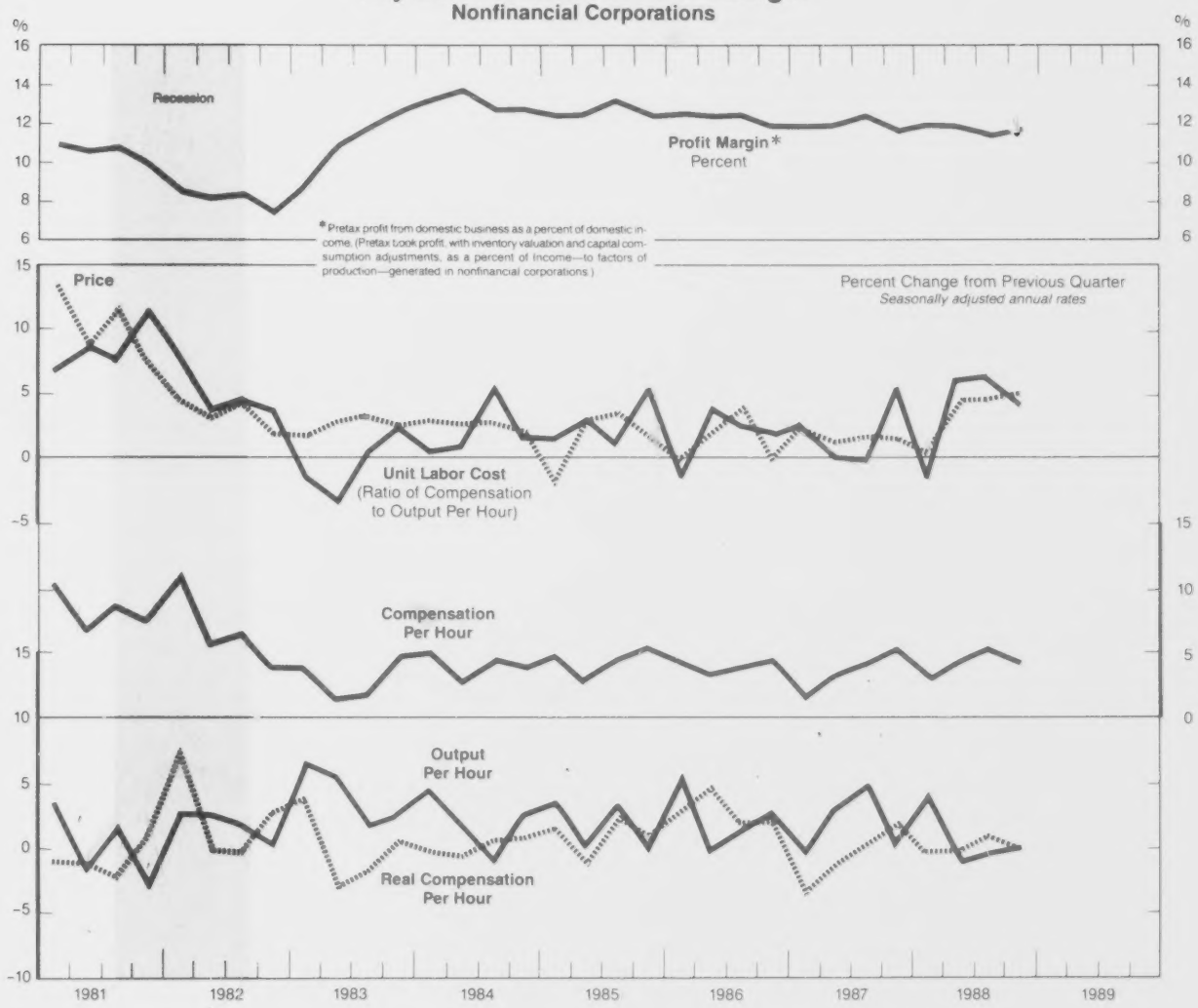
The Conference Board[2]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Apr., 1989		Apr., 1989		Apr., 1989		Apr., 1989		Date of Forecast		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
		$5116.8	**9.7%**	**$5116.8**	**9.7%**	**$5116.8**	**9.7%**	**I**	**1989**	**Actual**
$5212.0	6.6%	5199.8	6.6	5201.6	6.8	5213.6	7.8	II	1989	Forecast
5270.0	4.5	5260.8	4.8	5257.1	4.3	5290.1	6.0	III		
5307.0	2.8	5330.1	5.4	5320.6	4.9	5353.2	4.9	IV		
5348.0	3.1	5409.5	6.1	5382.8	4.8	5427.6	5.7	I	1990	
5436.0	6.7	5482.6	5.5	5462.0	6.0	5514.2	6.5	II		
5542.0	8.0	5557.2	5.6	5538.5	5.7	5614.1	7.4	III		
5651.0	8.1	5633.6	5.6	5636.2	7.2	5718.2	7.6	IV		
		5736.5	7.5	5760.7	9.1	5829.6	8.0	I	1991	
		5838.7	7.3	5878.9	8.5	5939.2	7.7	II		
5229.5	7.5	5226.9	7.5	5224.0	7.4	5243.4	7.8	Annual	1989	
5494.3	5.1	5520.7	5.6	5504.9	5.4	5568.5	6.2	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
		$4088.2	**5.5%**	**$4088.2**	**5.5%**	**$4088.2**	**5.5%**	**I**	**1989**	**Actual**
$4100.7	1.4%	4105.7	1.7	4102.7	1.4	4109.8	2.1	II	1989	Forecast
4098.0	-0.3	4117.2	1.1	4104.8	0.2	4124.3	1.4	III		
4082.3	-1.5	4134.0	1.6	4117.2	1.2	4130.0	0.6	IV		
4070.0	-1.2	4150.3	1.6	4119.4	0.2	4136.4	0.6	I	1990	
4090.3	2.0	4167.5	1.7	4139.4	2.0	4162.9	2.6	II		
4120.4	3.0	4186.2	1.8	4156.4	1.7	4195.6	3.2	III		
4149.9	2.9	4206.8	2.0	4187.7	3.0	4238.7	4.2	IV		
		4235.3	2.7	4232.6	4.4	4268.9	2.9	I	1991	
		4265.4	2.9	4271.8	3.8	4306.7	3.6	II		
4092.0	2.4	4111.3	2.9	4103.2	2.7	4113.1	2.9	Annual	1989	
4107.7	0.4	4177.7	1.6	4150.7	1.2	4183.4	1.7	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
		125.2	3.9%	125.2	3.9%	125.2	3.9%	I	1989	Actual
127.1	5.2%	126.6	4.8	126.8	5.3	126.9	5.5	II	1989	Forecast
128.6	4.8	127.8	3.6	128.1	4.1	128.3	4.5	III		
130.0	4.4	128.9	3.7	129.2	3.7	129.6	4.3	IV		
131.4	4.4	130.3	4.4	130.7	4.5	131.2	5.0	I	1990	
132.9	4.6	131.6	3.8	132.0	4.0	132.5	3.8	II		
134.5	4.9	132.8	3.7	133.3	4.0	133.8	4.1	III		
136.2	5.1	133.9	3.6	134.6	4.1	134.9	3.3	IV		
		135.4	4.6	136.1	4.6	136.6	5.0	I	1991	
		136.9	4.3	137.6	4.5	137.9	4.0	II		
127.8	5.0	127.1	4.4	127.3	4.6	127.5	4.7	Annual	1989	
133.7	4.7	132.1	3.9	132.6	4.2	133.1	4.4	Annual	1990	
								Unemployment Rate		
	5.2%		**5.2%**		**5.2%**		**5.2%**	**I**	**1989**	**Actual**
	5.3		5.3		5.1		5.3	II	1989	Forecast
	5.5		5.3		5.3		5.4	III		
	6.1		5.4		5.4		5.7	IV		
	6.3		5.4		5.7		5.9	I	1990	
	6.3		5.6		5.8		6.1	II		
	6.1		5.7		5.9		6.1	III		
	5.9		5.8		6.0		5.9	IV		
			5.7		5.9		5.8	I	1991	
			5.7		5.8		5.6	II		
	5.5		5.3		5.3		5.4	Annual	1989	
	6.2		5.6		5.8		6.0	Annual	1990	

CBDB

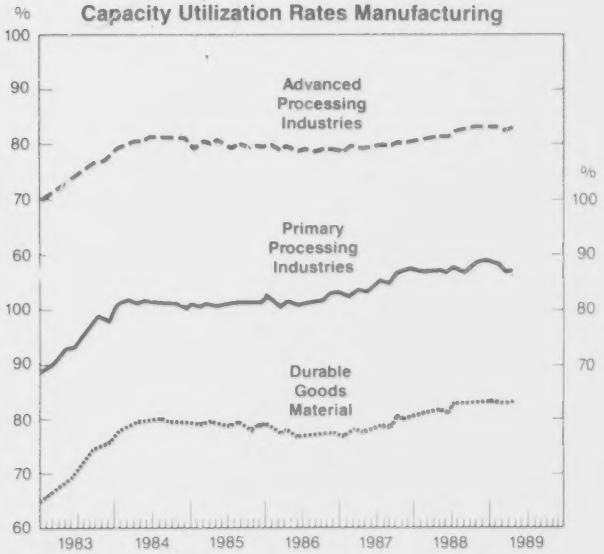
ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

Nonfinancial Corporations



Capacity Utilization Rates Manufacturing

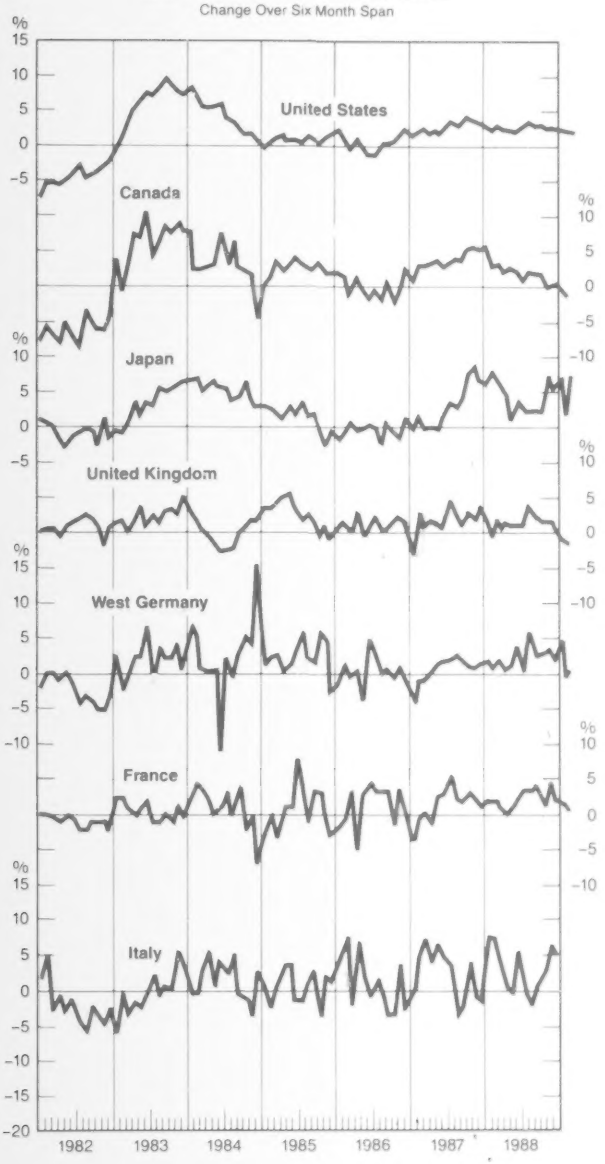


Inventory-Sales Ratios

Selected International Comparisons

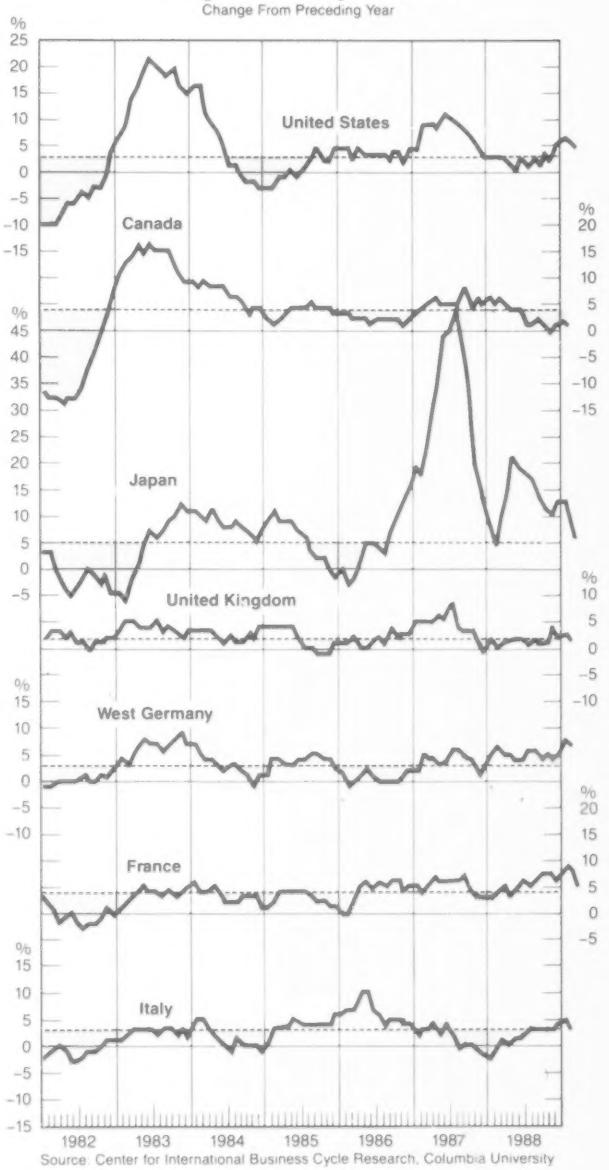
Industrial Production Indexes

Change Over Six Month Span



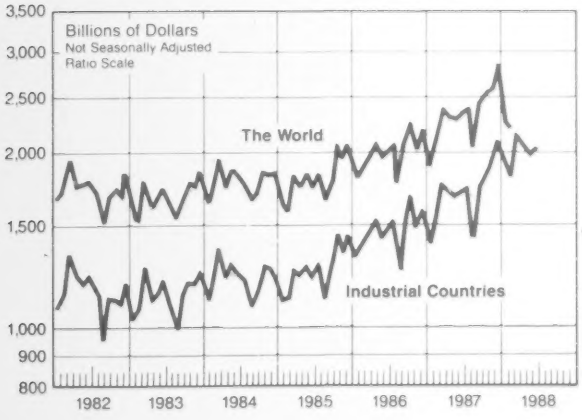
Leading Business Cycle Indexes

Change From Preceding Year

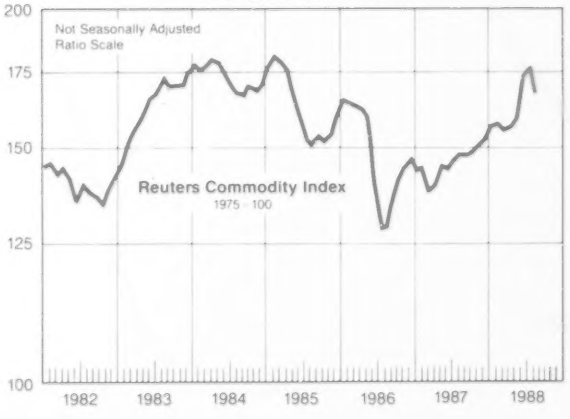


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports



Raw Materials Prices



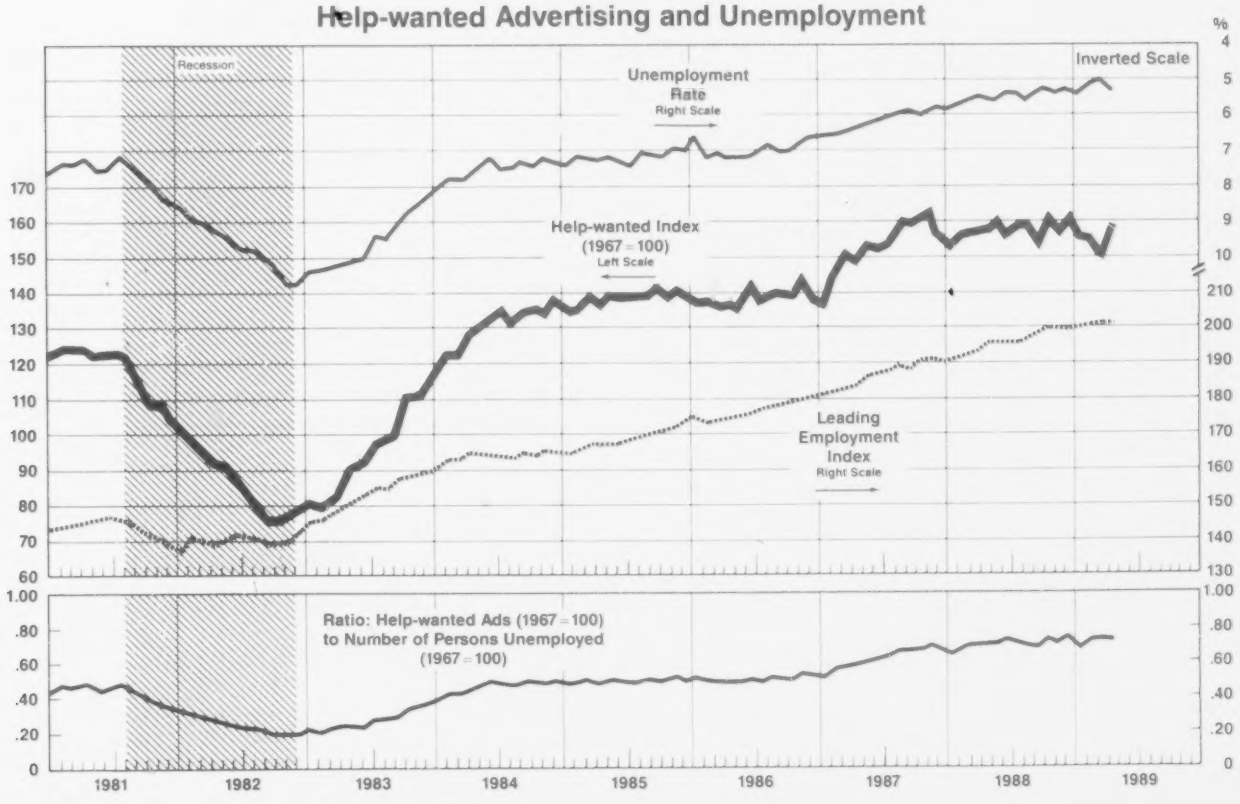
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1989 Mar.	1988 Feb.	1988 Jan.	1988 Mar.
National Index	151	155	156r	158r
New England	119	131	139	171
Boston	113	126	131	165
Hartford	123	129	139	191
Providence	136	149	167	174
Middle Atlantic	79	83	83	92
Albany	191	195	198	233
Allentown	393	375	360	420
New York	50	56	55	65
Philadelphia	66	68	71	80r
Pittsburgh	96	101	101	92
Rochester	101	115	111	105
Syracuse	153	161	162	151
East North Central	101	107	108	105
Chicago	103	111	113	116
Cincinnati	162	168	162	163
Cleveland	69	76	76	69
Columbus	163	173	161	169
Dayton	93	94	100	90
Detroit	58	63	67	55
Gary	202	205	199	184
Indianapolis	135	134	129	130
Milwaukee	87	90	93	91r
Toledo	129	133	133	134
West North Central	100	102	105	101
Kansas City	138	138	144	150
Minneapolis	N.A.	91	91	90
Omaha	166	174	177	158r
St. Louis	69	71	77	67
South Atlantic	187	202r	215r	214r
Atlanta	232	250	269	277
Baltimore	206	215	224	223r
Charlotte	201	211	204	208
Jacksonville	212	226	223	227
Miami	159	170	162	171
Richmond	129	147	155	153
Washington, D.C.	N.A.	184r	215r	201
East South Central	173	169	167	170
Birmingham	197	188	183	183r
Knoxville	333	320	316	307
Louisville	99	104	102	96r
Memphis	142	138	146	149
Nashville	179	173	164	191
West South Central	203	190	178	195r
Dallas	139	133	142	160
Houston	338	300	251	312r
New Orleans	127	137	133	124
Oklahoma City	126	120	126	113
San Antonio	153	150	162	139
Tulsa	164	163	167	139
Mountain	330	325	322	310
Denver	206	211	225	199
Phoenix	410	394	360	419
Salt Lake City	460	448	458	372
Pacific	256	263	262	250r
Los Angeles	165	173	174	173
Sacramento	489	492	512	479
San Bernardino	332	307	300	289r
San Diego	670	666	672	601r
San Francisco	246	273	252	254
Seattle	265	260	277	230
Percentage of papers with rising volume	31	41	57r	61
Unemployment rate	5.0	5.1	5.4	5.6

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available.

Help-wanted Advertising and Unemployment



Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4
1989	115.8	120.7	117.4	116.3p								

Expectations Index

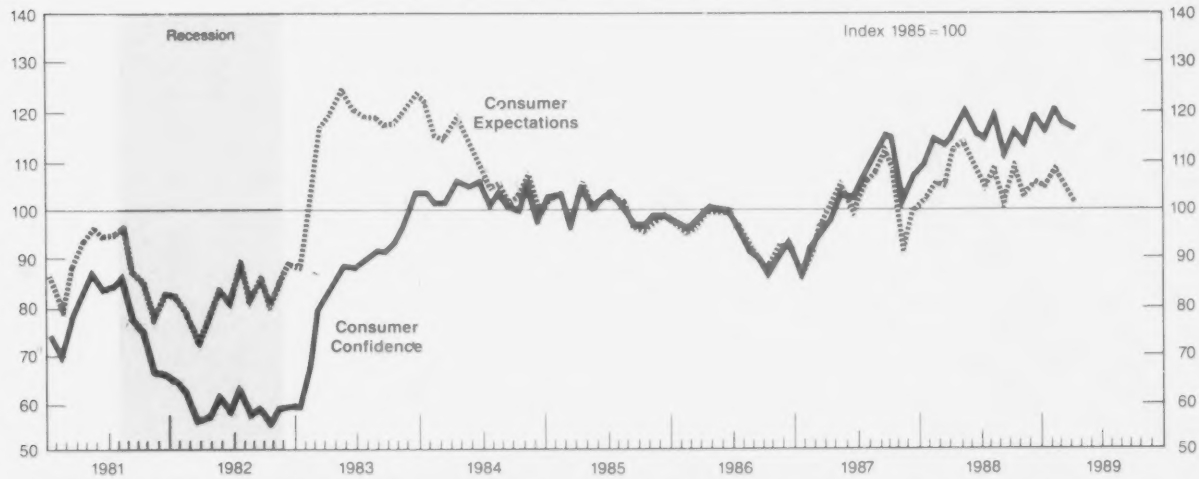
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6
1989	104.1	108.3	104.9	101.2p								

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

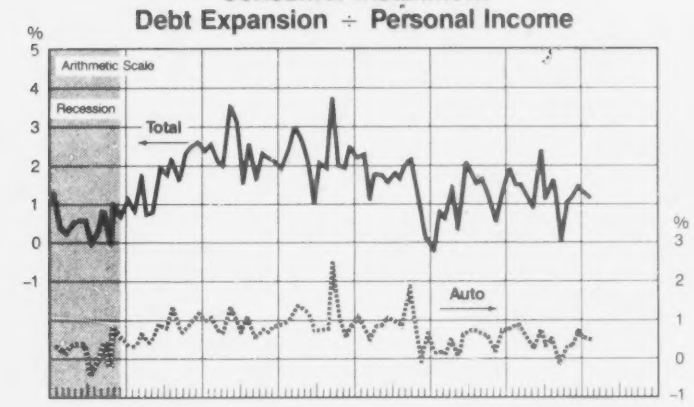
	1987				1988			Percent Change From Previous Year	
	II-87	III-87	IV-87	I-88	II-88	III-88(r)	IV-88(p)	Actual 1988	Estimate 1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	32.257	29.561	35.909	30.846	40.686	40.384	53.774	39%	8%
Capital expenditures	25.933	27.381	29.820	29.412	31.718	36.037	41.216	33	13
Change in appropriations backlog*	5.460	-0.080	-3.510	0.650	8.760	-4.110	-10.140		
Durable Goods									
New appropriations	16.515	17.208	20.245	14.310	20.261	20.791	25.859	27	13
Capital expenditures	14.006	13.970	16.037	15.780	16.910	19.526	20.226	31	21
Change in appropriations backlog*	2.310	2.930	3.810	-1.600	3.670	-1.080	-4.730		
Nondurable Goods									
New appropriations	15.742	12.353	15.664	16.536	20.425	19.593	27.915	52	5
Capital expenditures	11.927	13.411	13.783	13.632	14.808	16.511	20.990	35	8
Change in appropriations backlog*	3.160	-3.010	-0.300	2.250	5.090	-3.030	-5.410		
ELECTRIC & GAS UTILITIES									
New appropriations	5.605	5.174	6.286	8.083	4.439				
Capital expenditures	7.072	7.771	6.590	6.857	6.620				
Change in appropriations backlog*	-1.610	-2.840	-0.430	1.235	-2.630				

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

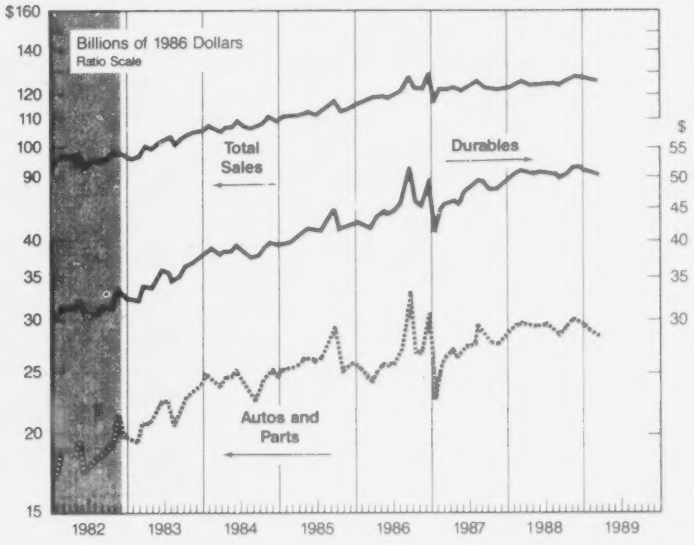
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	7.37
	21-28(29)	6.15	6.58	8.17	6.86
March:	1-10	7.69	7.53	7.81	6.32
	11-20	7.57	7.27	7.13	7.28
	21-31	6.52	7.81	8.28	6.74
April:	1-10	8.79	7.48	6.33	8.18
	11-20	7.06	7.34	7.43	7.66
	21-30	7.75	7.76	7.23	7.03
May:	1-10	8.62	6.16	8.36	7.49
	11-20	8.86	6.66	6.53	
	21-31	7.33	7.19	8.12	
June:	1-10	8.48	7.21	6.88	
	11-20	8.04	7.13	8.00	
	21-30	8.39	7.09	8.48	
July:	1-10	8.10	7.10	7.02	
	11-20	7.28	7.68	7.99	
	21-31	7.97	7.29	7.69	
August:	1-10	7.63	8.55	7.95	
	11-20	7.34	8.60	7.01	
	21-31	8.08	6.26	5.92	
September:	1-10	14.00	6.74	5.93	
	11-20	8.83	5.45	5.80	
	21-30	8.62	8.03	7.40	
October:	1-10	10.04	6.13	8.43	
	11-20	7.67	7.10	8.08	
	21-31	7.27	7.24	7.78	
November:	1-10	7.96	7.15	8.55	
	11-20	7.59	6.68	6.97	
	21-30	7.89	8.09	8.46	
December:	1-10	7.75	7.60	6.84	
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales